Exhibit # **EB-2020-0150**

ONTARIO ENERGY BOARD
IN THE MATTER OF *the Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 ("**Act**");

AND IN THE MATTER OF an Application by Upper Canada Transmission, Inc. operating as NextBridge Infrastructure, LP for an Order or Orders pursuant to section 78 of the Act approving rates and other charges for transmission of electricity.

Energy Probe Research Foundation Compendium

March 25, 2021

Upper Canada Transmission, Inc 2022-2031 Rates

Scope of the Application
Exhibit A Tab 2 Schedule 1 Page 2
8. UCT hereby applies to the Ontario Energy Board ("**OEB**") pursuant to section 78 of the Act, as amended, for an order approving its proposed transmission rates and related orders approving the:
• recovery of $31.24 million in development costs approved by Decision and Order dated December 20, 2018 (EB-2017-0182);
• recovery of $5.331 million of pre-July 31, 2017 costs identified in Decision and Order dated December 20, 2018 (EB-2017-0182) as eligible for consideration as construction costs (referred to as Phase Shift Costs) and detailed as follows:

Extended in-service date	
Environmental assessment review participation	$0.46
Land optioning negotiations	$1.44
Unbudgeted at designation	
Land acquisition negotiations	$0.02
Economic participation	$3.41
Total	**$5.33**

• recovery of $737 million of construction costs also tracked in the CWIP Account 2055 ("**CWIP Account**") established pursuant to Decision and Order dated February 11, 2019 (EB-2017-0182);
• recovery of $1.2 million in spares;
• inclusion in the UTR for the Network pool to allow for the recovery of NextBridge's proposed rates revenue requirement for 2022, for nine months of service beginning on April 1, 2022, as described in Exhibit A, Tab 3, Schedule 1;
• use of a Custom Incentive Regulation Model as a framework to annually adjust transmission rates for the period effective January 1, 2023 to December 31, 2031 as described in Exhibit A, Tab 3, Schedule 1, and the related rates, charges, and conditions of services;
• establishment of the accounting orders for a construction cost variance account ("**CCVA**") to be made effective the date of the filing of this Application, as described in Exhibit H, Tab 1, Schedule 1;
• establishment of the accounting orders for a debt rate variance account ("**DRVA**") to track and effectuate the one-time update to the cost of long-term debt in 2023 to reflect the actual cost of long-term debt associated with the financing of East-West Tie line, as described in Exhibit H, Tab 1, Schedule 1;
• establishment of the accounting orders for taxes or payments in lieu of taxes variance account ("**PILsVA**") effective April 1, 2022, as described in Exhibit H, Tab 1, Schedule 1;
• establishment of the accounting orders for a revenue differential variance account ("**RDVA**") effective April 1, 2022, as described in Exhibit H, Tab 1, Schedule 1;
• establishment of a Z-factor account if material costs are incurred for unforeseen events for reasons beyond the company's control that occur during the IR Term, as described in Exhibit H;

Opening Rate Base 01/04/22 (UCT to Confirm)

Cost Item	
Construction Costs (In-service April 1 2022)	$737 M
Development Costs	$31.2m
Phase Shift Costs	$5.33 M
Spares	$1.2 M
TOTAL	$774.94M

Table 1. Summary of Revenue Requirement for Test Year ($ Millions)

Component	Test Year	Reference
OM&A	4.9	Exhibit F, Tab 1, Schedule 1
Depreciation	9.3	Exhibit F, Tab 11, Schedule 1
Income Taxes	0.6	Exhibit F, Tab 13, Schedule 1
Return on Capital	41.0	Exhibit G
Base Revenue Requirement	**55.7**	

Table 2. 2022 Revenue Requirement Converted to UTR Amount ($ Millions)

2022 Revenue Requirement converted to UTR Amount ($ Millions)		
2022	A = Cost of Service for 12 months	55.7
2022	B = Monthly Cost of Service or A/12	4.6
2022	C = 2022 UTR Amount or B * 9	41.8

Table 3. NextBridge Base Revenue Requirement by Year ($ Millions)

Year	Formula	Base Revenue Requirement ($ Millions)
2022	Cost of Service for 12 months (Base Rev. Req.)	55.7
2023	2022 Base Revenue Requirement x 1.020	56.8
2024	2023 Base Revenue Requirement x 1.020	58.0
2025	2024 Base Revenue Requirement x 1.020	59.1
2026	2025 Base Revenue Requirement x 1.020	60.3
2027	2026 Base Revenue Requirement x 1.020	61.5
2028	2027 Base Revenue Requirement x 1.020	62.8
2029	2028 Base Revenue Requirement x 1.020	64.0
2030	2029 Base Revenue Requirement x 1.020	65.3
2031	2030 Base Revenue Requirement x 1.020	66.6

Exhibit F
Tab 4
Schedule 1

Table 1. NextBridge OM&A Expense ($ Millions)

Cost Category	2022
Operations & Maintenance	1.27
Regulatory	0.07
Compliance & Administration	1.67
Indigenous Participation	0.89
Indigenous Compliance	0.44
Property Taxes & Rights Payments	0.60
Total OM&A	**4.94**

Exhibit F
Tab 4
Schedule 2
Page 9

Table 1. NextBridge Taxes Other than Income Tax (TOIT) ($ Millions)

	2022
Property Tax	0.00
Rights Payments	0.59
Total TOIT	**0.60**

Exhibit F
Tab 6
Schedule 1
Page 1 of 1

SHARED SERVICES AND CORPORATE COST ALLOCATION

1. NextBridge will not be charged a flat or already determined corporate cost allocation from any parent or partner entities. Charges where appropriate, will come from personnel directly supporting NextBridge. Personnel account for the amount of time spent on NextBridge work in a time recording system. The resulting cost NextBridge will receive is that amount of time, worked on NextBridge, multiplied by the earnings paid to that employee. The earnings include the hourly amount of salary plus an adder representative of the benefits paid to that employee. The estimation of these costs have been reflected in the OM&A budget. Since NextBridge is requesting an IR Term of 10 years, any potential overages in charges will be paid by NextBridge. Examples of corporate services are listed below:

• **Governance support:** compliance, internal audit, legal counsel
• **Construction & Operations Support:** power delivery operations, engineering & construction, integrated supply chain, environmental. NextBridge can leverage NEE's commercial and technical practices and knowledge regarding construction, compliance and operations capabilities.
• **Corporate Support:** accounting, finance, corporate tax, treasury, cash management, human resources, benefits administration, time and payroll processing, information technology, and corporate communications

Exhibit I.NextBridge.STAFF.30
Page **1** of **2**
Question(s):

a) Please breakdown the $1.67 million Compliance and Administration expenses into:
i) Project Director's Office
ii) Property Owner Relations
iii) Non-Indigenous Stakeholder Relations
iv) Corporate Services

v) Insurance expenses.
b) Could you please quantify the cost savings associated with not seeking recovery of 25% of the Project Director's labour costs?
c) Please explain the rationale that was used to determine the 75% recovery of the Project Director's labour costs.
d) Please confirm that this plan to recover 75% of the Project Director's labour costs meets the requirements of the Affiliate Relationship Code.
RESPONSE
a) Compliance and Administration of $1.67 million is broken down as follows:
i) Project Director's Office: $627,000
ii) Property Owner Relations: $169,000
iii) Non-Indigenous Stakeholder Relations: $254,000
iv) Corporate Services: $558,000
v) Insurance expenses: $62,000

Exhibit F
Tab 11
Schedule 1

NextBridge

Depreciation and Amortization Expenses
Test Year 12 Months
($ Millions)

Line No.	Particulars	Deprn Rate	Provision
	Depreciation Expenses		
1	Major Fixed Assets		
2	Land-Rights	1.00%	0.35
3	Towers and Fixtures	1.11%	6.42
4	Overhead Conductors and Devices	1.54%	2.49
5			
6			
7	Depreciation on Fixed Assets		9.26
8			
9	Less Capitalized Depreciation		
10	Asset Removal Costs		
11	Total Depreciation Expenses		9.26
12			
	Amortization Expenses		
13	Other Amortization		
14	Total Amortization Expenses		-
15	Total Depreciation & Amortization Expenses		9.26
16	Depreciation & Amortization for recovery		9.26

HYDRO ONE NETWORKS INC. (BU 210) Statement E
Asset Category Summary
December 31, 2016
Harmonic Weighting

Description	Current P-Life USoA	Current P-Life Category	Proposed P-Life USoA	Proposed P-Life Category	Plant USoA	Plant Category
	B	C	D	E	F	G
INTANGIBLE PLANT						
1610 Computer Software						
1657 GENRL -ADM & SERV-SYS SOFTWARE		10		10		$ 1,654,200
Total USoA 1610	10 SQ	10	10 SQ	10	$ 1,654,200	$ 1,654,200
TRANSMISSION PLANT						
1705D Land - Depreciable						
1210 LAND PURCH & ACQUI (OLD CAP)		100		100		$ 971,830
Total USoA 1705D	100 S6	100	100 S6	100	$ 971,830	$ 971,830
1706 Land Rights						
1111 RIGHTS & EASMNTS <LANDSCAPING>		100		100		$ 2,811,500
1212 EASMNTS & RIGHTS		100		100		237,121,426
Total USoA 1706	100 S6	100	100 S6	A 100	$ 239,932,927	$ 239,932,927
1708 Buildings and Fixtures						
1120 STN BUILDINGS COMPONENTS		50		50		$ 404,367,186
1121 CRANES&HOISTS IN BLDGS		50		50		4,865,443
1260 BLDG W U/G CABLE		50		50		31,325,308
1270 SERV STRUCTURES		50		50		26,539,801
Total USoA 1708	50 S6	50	50 S6	50	$ 466,096,738	$ 466,096,738

HYDRO ONE NETWORKS INC. (BU 210) Statement E
Asset Category Summary
December 31, 2016
Harmonic Weighting

Description	Current P-Life USoA	Current P-Life Category	Proposed P-Life USoA	Proposed P-Life Category	Plant USoA	Plant Category
	B	C	D	E	F	G
1720 Towers and Fixtures						
1230 STEEL TWR, SUP&FTNG		60		B 90		$ 1,588,032,050
1240 POLES INCL XARM,GUY,ANCHR		50		50		709,211,731
1245 STEEL POLES		90		90		100,967,337
1249 COMPOSITE POLES		80		80		8,037,793
Total USoA 1720	75 S2	73	75 S2	73	$ 2,406,248,912	$ 2,406,248,912
1730 Overhead Conductors and Devices						
1220 INSULATORS		60		C 60		$ 329,068,237
1232 GROUNDING SYSTEM		50		50		152,956,518
1235 OPT GRND WIRE		50		E 50		60,659,868
1250 OVERHD CONDUCTOR ALL		70		D 70		1,081,139,761
1252 SWITCHES&DEVCE		60		60		41,394,209
1254 RETENSION COSTS		60		60		40,478,358
Total USoA 1730	65 S3	64	65 S3	64	$ 1,705,695,951	$ 1,705,696,951

Exhibit G
Tab 1
Schedule 1
Page 3 of 3

Table 2. NextBridge Cost of Capital

Test Year 12 Months				
Amount of Deemed			**Cost Rate**	**Return**
Return	**($ Millions)**	**%**	**(%)**	**($ Millions)**
Long-term debt	431.4	56%	3.21%	13.8
Short-term debt	30.8	4%	2.75%	0.8
Common equity	308.2	40%	8.52%	26.3
Total	**770.4**	**100%**	**5.32%**	**41.0**

Table 3. Return on Capital ($ Millions)

Categories	Test Year
Return on Debt	14.7
Return on Equity	26.3
Return on Capital	**41.0**

Table 3. Average Bill Impacts on Transmission and Distribution-Connected Customers (IR Term)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Rates Revenue Requirement ($M)	55.7	56.8	58.0	59.1	60.3	61.5	62.8	64.0	65.3	66.6
% Increase in Rates Revenue Requirement over prior year	N/A	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
% Impact of load forecast change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net Impact on Transmission Revenue Requirement	3.31%	0.07%	0.07%	0.07%	0.07%	0.07%	0.07%	0.07%	0.08%	0.08%
Transmission as a % of Tx-connected customer's Total Bill	7.56%	7.56%	7.56%	7.56%	7.56%	7.56%	7.56%	7.56%	7.56%	7.56%
Estimated Bill impact TX Connected customers	0.25%	0.00%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Transmission as a % of Dx-connected customer's Total Bill	6.22%	6.22%	6.22%	6.22%	6.22%	6.22%	6.22%	6.22%	6.22%	6.22%
Estimated Bill impact DX connected customers	0.21%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Exhibit BTab 1Schedule 7Page 2
CRA Benchmark

Table 1. Figure 11 – Benchmarking Base Results

	NextBridge EWT (Designation Proceeding)	New EWT	Bruce to Milton	BC NTL	2014 WECC	AESO Project 1	AESO Project 2	Niagara
Voltage (kV)	230 kV	230 kV	500 kV	287 kV	230 kV	240 kV	240 kV	230 kV
Length (km)	400	450	180	344	450	450	450	76
Costs reported in $	2012	2017	2012	2014	2014	2013	2013	2019
Total Cost Line Only ($M)	419	711	327	664	653	1468	1333	119
Line Cost (adjusted to 2022 $M)	489	741	430	871	866	1748	1590	126
2022 Cost M/km	1.22	1.65	2.39	2.53	1.92	3.89	3.53	1.66

Exhibit D
Tab 1
Schedule 1

RRFE Outcomes	Performance Measure
Operational Excellence	OM&A Cost ($ K) per circuit km
Operational Excellence	Average System Availability (%)

The CRA study concludes that OM&A costs per km for the East-West Tie line remain lower than the benchmarks even under forecasting sensitivity tests. NextBridge's rates were found to be cost competitive to Bruce to Milton and Niagara Reinforcement.

Table 2. OM&A Benchmarking study results

$ K (CAD)	Niagara 2020	Bruce-Milton 2019	East-West Tie
O&MA Expenses	320	600	1,275
Admin. & Corporate[5]	510	200	1,665
Regulatory			65
Total OM&A	**830**	**1,600**[6]	**3,005**[7]
Total km	76	180	450
OM&A / km (CAD)	**10.92**	**8.89**	**6.68**
OM&A / km (USD)	8.40	6.84	5.14

Exhibit CTab 2 Schedule 3 Page 1 of 5

PHASE SHIFT COSTS

1. A total of $5.3 million in costs (as shown in Table 1 below) were also deemed eligible for consideration as construction costs in the Decision and Order dated December 20, 2018 (EB-2017-0182). These costs were incurred during the development period and are needed to construct the East-West Tie line. They were spent during the development period because these activities take longer periods of time and by working on them as early as possible it mitigated risk to the project schedule. **These costs are included in opening rate base balance**

Table 1. Summary of Phase Shift Costs

Phase Shift Costs	$ Millions
EA Review Participation	$0.46
Land Optioning Negotiations	$1.44
Land Acquisition Negotiations	$0.02
Economic Participation	$3.41
Total	**$5.33**

Exhibit C Tab 2 Schedule 4

FORECAST CONSTRUCTION COSTS

1. A total of $737.1 million in construction costs is forecasted to complete the East-West Tie line, of which 57% have already been incurred as of October 31, 2020. The cost categories in table below follow the format and order used in NextBridge's quarterly reports to the OEB. As evidenced in Exhibit B and in the CRA report attached at Exhibit B, Tab 1, Schedule 7, Attachment 1, NextBridge's construction costs are in line when benchmarked with other constructed transmission lines. The table below shows the total construction costs per category, for the estimated completion of the line assuming an in-service date of March 31, 2022.

	Engineering & Construction	**614.3**
1	Engineering, Design and Procurement	8.5
2	Materials and Equipment	66.9
8	Site Clearing, Access	140.6
9	Construction	398.2
	Environmental & Remediation Activities	**31.6**
3	Environmental and Regulatory Approvals	19.1
10	Site Remediation	12.5
	Indigenous Activities	**23.7**
5	Indigenous Economic Participation	9.7
6	Indigenous Consultation	13.9
4	**Land Rights (excludes Aboriginal)**	**23.8**
7	**Other Consultation**	**2.5**
11	**Contingency**	n/a
12	**Regulatory**	**5.4**
13	**East-West Tie Project Management**	**4.9**
	Total Project Spend	**706.1**

Exhibit C
Tab 2
Schedule 5

SPARE STRATEGY

1. A total of $1.2 million in spare equipment are to be procured prior to the March 31, 2022 in-service date to ensure reliability and are included in the proposed revenue requirement. Due to the long procurement times of transmission towers, a good utility practice is to have a spare strategy to procure a minimum requirement of towers and associated components to address potential events. The determination of the amount of spare equipment was based on the extensive experience of affiliates of NEET, who presently develop and operates transmission assets across North America. The statistical probability of extreme ice and wind events and ESL of the assets (*i.e.*, "like new") were also factored into the decision of the amount of materials needed. These spares will be purchased prior to the in-service date to allow for already negotiated favorable pricing

Table 1. Summary of Spare Equipment

Spare Equipment	Estimated Quantity	Unit	($ Thousands)
Towers	17	Each	$ 930
Conductor	17k	Meters	147
OHGW	3k	Meters	11
OPGW	3k	Meters	13
Insulators	100	Each	74
Arresters	25	Each	56
			$ 1,231

Exhibit C
Tab 6
Schedule 1
Page 1 of 1

CUSTOMER CONNECTION AND COST RECOVERY AGREEMENT

1. NextBridge is in the process of entering into a Customer Connection and Cost Recovery Agreement ("**CCRA**") with HONI. This agreement allows HONI to perform the work required to connect the East-West Tie line to Hydro One's transmission system, namely:
 four new 230 kV circuits W35M, W36M, M37L and M38L, to Hydro One's transmission system at Wawa TS, Marathon TS and Lakehead TS, and
 the reconfiguration of the existing facilities and addition of new facilities at the three terminal stations of the East-West Tie, namely Wawa TS, Marathon TS and Lakehead TS, to provide 450 MW east-west power transfer capability
2. Hydro One will provide project management, engineering, equipment and material, construction, and commissioning of new and modified Hydro One facilities for the East-West Tie connection work. The engineering and construction cost of the Hydro One work will be included in Hydro One's rate base in accordance with the decision(s) of the Ontario Energy Board in EB-2017-0194. **At this time the CCRA and associated terms and conditions are undergoing review between both parties with the intention of reaching a mutually acceptable agreement by the end of Q1 2021. When the agreement is finalized NextBridge and HONI will provide an update to the OEB that includes cost and accounting treatment for the agreement.**

SEC INTERROGATORY #2
INTERROGATORY
Question:
[A-3-1, p.6; https://www.oeb.ca/sites/default/files/OEB-ltr-2021-inflation-updates-20201109.pdf]
Please explain why the Applicant is not proposing to use the OEB's inflation factor weighting for transmission Revenue Cap Plans of 86%/14%, as opposed to its proposed 70%/30% weighting.
RESPONSE
Please see response to Staff #3 c.

Exhibit I.NextBridge.STAFF.3
Page **2** of **2**
c) The inflation factor in the application was based off 2020 parameters for distributors as the 2020 parameters did not provide a transmitter specific split therefore the weighting of 70%/30% was used by NextBridge. The 2021 inflation parameters did indicate a transmitter specific split and were released on November 9, 2020, after the NextBridge application was filed. If NextBridge were to update to the 2021 inflation parameters that have since been released, the weighting of 86%/14% would be utilized and the calculation would still result in same inflation factor of 2% as used in NextBridge's application.

Questions:
a) Please provide, in table form, a breakdown of the $1.27 million operations and maintenance expenses including:
a. Expense for NEET Agreement;
b. Expense for HONI SLA;
c. Expense for maintenance services not included in the HONI SLA, including services identified in response to Staff-15a, and Staff-23d.
d. Expense for maintenance services contract described in response to Staff-35 if separate from contracts identified above;
e. Other expenses (please describe).
RESPONSE

Breakdown of Operations and Maintenance Expenses	$000's
a. Expense for NEET Agreement	268
b. Expense for HONI SLA	400
c. Expense for maintenance services not included in the HONI SLA, including services identified in response to Staff-15a, and Staff-23d	312
d. Expense for maintenance services contract described in response to Staff-35 if separate from contracts identified above	0

Exhibit I.NextBridge.STAFF.30
Page **1** of **2**
Question(s):
a) Please breakdown the $1.67 million Compliance and Administration expenses into:
i) Project Director's Office
ii) Property Owner Relations
iii) Non-Indigenous Stakeholder Relations
iv) Corporate Services
v) Insurance expenses.
b) Could you please quantify the cost savings associated with not seeking recovery of 25% of the Project Director's labour costs?
c) Please explain the rationale that was used to determine the 75% recovery of the Project Director's labour costs.
d) Please confirm that this plan to recover 75% of the Project Director's labour costs meets the requirements of the Affiliate Relationship Code.
RESPONSE
a) Compliance and Administration of $1.67 million is broken down as follows:
i) Project Director's Office: $627,000
ii) Property Owner Relations: $169,000
iii) Non-Indigenous Stakeholder Relations: $254,000
iv) Corporate Services: $558,000
v) Insurance expenses: $62,000

ENERGY PROBE INTERROGATORY #17
INTERROGATORY
Reference: Exhibit B, Tab 1, Schedule 6, Page 2, Table 1
Preamble: "The following Table 1 provides a summary of NextBridge's overall capital expenditures plan. With the exception of expenditures in 2022 (the Test Year), none of the remaining years' expenditures which will be requested to be included in the currently requested revenue requirement in this case nor recorded in a deferral account. NextBridge proposes to seek prudency(sic) for these expenditures as part of its next rebasing that will occur at the end of the IR Term."
a) Why are there no other Capital Expenditures, for example replacement of damaged assets?
b) Please provide a Table that shows all of the Capital Expenditures for the Deferred IRM period 2022-2031, included those listed in Table 1.
c) Why has UCT/ NextBridge not Prepared a Transmission System Plan that sets out the Assets that will be replaced during the 10 year IRM period?
d) Please provide a projection of the UCT/NextBridge Gross and net assets and regulatory Rate Base for the IRM period.
RESPONSE
a) The capital expenditures in Exhibit B, Tab 1, Schedule 6, Page 2, Table 1, are what NextBridge expects to incur during the IR Term. As the asset is new, replacement

of damaged assets is not expected during the IR Term, absent an unexpected event. To address unexpected events, NextBridge has included a spare strategy as set forth in Exhibit C, Tabs 1 and 2. The spare strategy will help ensure prompt replacement of potentially damaged assets during the IR term.

b) The capital expenditures for the IR period are in Exhibit B, Tab 1, Schedule 6, Page 2, Table 1, and further explained by category in Exhibit B, Tab 1, Schedule 6, Page 3 through Page 7.

c) Please see the response to part a.

d) NextBridge is not requesting capital expenditures to be added to rate base over the IR term. Therefore, the gross plant shown in Exhibit C, Tab 1, Schedule 1, Page 3, Table 3 of $775.2 million is not expected to change over the IR period. The net plant value would decrease annually by the depreciation expense of $9.3 million shown in Exhibit F, Tab 11, Schedule 1, Page 1, Table 1.

ENERGY PROBE INTERROGATORY #30
INTERROGATORY
Reference: Exhibit H, Tab 1, Schedule 1, Page 1
Preamble: “NextBridge seeks Board approval to establish five new deferral/variance accounts. NextBridge does not have any existing deferral and variance accounts for which it is seeking continuation or disposition of in this Application. All requested accounts are symmetrical and could reflect in positive or negative adjustments to the requested revenue
requirement:

☐ Taxes or Payments in Lieu of Taxes Variance Account,(account 1592)

☐ Revenue Differential Variance Account (RDVA)

☐ Construction Cost Variance Account (CCVA)

☐ Debt Rate Variance Account (DRVA)

☐ Z-Factor Treatment (Account 1572 – Extraordinary Event Costs)”

a) Please confirm that the RDVA only applies to the impact of delays in the ISD.
b) How/when will the balance of the CCVA be reviewed and disposed of?
c) When will the Cost of Capital be determined and will this and the DRVA be subject of Board Review?
d) Please confirm that the Board does not approve Z factor accounts in advance but requires the utility to apply reflecting the circumstances related to the request.
RESPONSE
a) Not confirmed. The RDVA will track the revenue impact for differences in the current in-service date of March 31, 2022 versus revenues associated with an inservice date prior to or after March 31, 2022.
b) NextBridge proposes to seek initial disposition of the CCVA in the second annual update following in-service. This update is expected to be filed in 2023 for inclusion in 2024 UTR rates. NextBridge proposes to leave the CCVA open for the remainder of the IR term, and seek final disposition at the end of the IR term in the next rebasing application.
c) NextBridge expects to know the actual cost of long-term debt closer to the March 31, 2022 in-service date. The DRVA will be audited prior to disposition in the second annual update following the in-service date, and subject to prudence review by the OEB at the time of disposition.

d) Yes, NextBridge will apply for Z-factor treatment if material costs are incurred for unforeseen events during the IR term.

ENERGY PROBE INTERROGATORY #14
INTERROGATORY
Reference: Exhibit B, Tab 1, Schedule 4, Page 7, Table 2. Quantity of Major Transmission
Assets Exhibit C, Tab 1, Schedule 1, Page 2 of 3 Table 1. Gross Plant Summary ($ M)
Preamble: "The asset profile, as noted in Table 2 above, provides the average age of the components and the ESL. The ESL is defined as the average time duration in years that an asset can be expected to operate under normal system conditions and is determined by similar useful life data presented in HONI's rate case filings found in Board File No. EB- 2019- 0178 and Board File No. EB-2018-0275."
a) Please list the Hydro One Transmission/UCT interface/connection points.
b) Please confirm that all Stations and Transformers and associated costs are owned by Hydro One Transmission.
c) What costs at Stations are included in UCT Assets costs?
d) Please provide the asset life for each category in Table 2.
e) Please provide the Net Book value of each of the the categories of assets at the ISD of March 31, 2022.
f) Please confirm the Opening Rate Base on April 1, 2022.
g) If the Project is delayed how will this affect Opening Rate Base?
RESPONSE

a) Please see table below:

Component	Circuit	Start Structure	Stop Structure	Description
Conductor	M37L	A001	C279	NextBridge owns tower, Hydro One owns last span into stations. Demarcation point is the Vang on the tower where Hydro One insulator attaches to NextBridge Tower.
OHSW (Shield Wire)	M37L	A001	C279	NextBridge owns tower, Hydro One owns last span into stations. Demarcation point is the Vang on the tower where Hydro One insulator attaches to NextBridge Tower.

Component	Circuit	Start Structure	Stop Structure	Description
OPGW (Optical Ground Wire)	M37L	A001	C279	NextBridge owns tower and OPGW splice case, Hydro One owns last span into stations. Demarcation point is the splice inside the splice case on the tower.
Conductor	M38L	A001	C279	NextBridge owns tower, Hydro One owns last span into stations. Demarcation point is the Vang on the tower where Hydro One insulator attaches to NextBridge Tower.
OHSW (Shield Wire)	M38L	A001	C279	NextBridge owns tower, Hydro One owns last span into stations. Demarcation point is the Vang on the tower where Hydro One insulator attaches to NextBridge Tower.
OPGW (Optical Ground Wire)	M38L	A001	C279	NextBridge owns tower and OPGW splice case, Hydro One owns last span into stations. Demarcation point is the splice inside the splice case on the tower.
Conductor	W36M	D001	F233, F235	NextBridge owns tower, Hydro One owns last span into stations. Demarcation point is the Vang on the tower where Hydro One insulator attaches to NextBridge Tower.
OHSW (Shield Wire)	W36M	D001	F233, F235	NextBridge owns tower, Hydro One owns last span into stations. Demarcation point is the Vang on the tower where Hydro One insulator attaches to NextBridge Tower.
OPGW (Optical Ground Wire)	W36M	D001	F233, F235	NextBridge owns tower and OPGW splice case, Hydro One owns last span into stations. Demarcation point is the splice inside the splice case on the tower.
Conductor	W35M	D001	F233, F235	NextBridge owns tower, Hydro One owns last span into stations. Demarcation point is the Vang on the tower where Hydro One insulator attaches to NextBridge Tower.

Component	Circuit	Start Structure	Stop Structure	Description
OHSW (Shield Wire)	W35M	D001	F233, F235	NextBridge owns tower, Hydro One owns last span into stations. Demarcation point is the Vang on the tower where Hydro One insulator attaches to NextBridge Tower.
OPGW (Optical Ground Wire)	W35M	D001	F233, F235	NextBridge owns tower and OPGW splice case, Hydro One owns last span into stations. Demarcation point is the splice inside the splice case on the tower.

b) Yes, confirming all stations and transformers and associated costs are owned by Hydro One Transmission.
c) NextBridge does not have station costs.
d) Please see response to BOMA #1.
e) Please see Exhibit C, Tab 4, Schedule 1, Attachment 3, Page 2 – "Fixed Asset Continuity Schedule." The column "Cost Opening balance" provides the Net Book Value on April 1, 2022 (Note – on April 1, 2022 the Net Book Value is equivalent to Gross Book Value as there is no accumulated depreciation as of April 1, 2022.)
f) Opening rate base on April 1, 2022 is $774.9 million, as shown in Exhibit C, Tab 1, Schedule 1, Page 3, Table 3.
g) Opening rate base would not be impacted if the East-West Tie line is delayed. If construction costs are impacted by the delay, the CCVA will be used to account for the cost differences.

Energy Probe Exhibit K												
Based on Exhibit E Tab1 Schedule 1	**NextBridge Revenue Requirement under Proposed 10 year Revenue Cap Index**											
Exhibit F Tab1 S1,11,13; Exhibit G-1-1	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**5 year RR**	**10 year RR**
	1	2	3	4	5	6	7	8	9	10		
Rate Base (Avg NBV)	770.43											
Cost of Capital @WACC 5.32%	40.99											
Depreciation Expense	9.26											
OM&A (1)	4.94											
Income Taxes	0.58											
Revenue Requirement @2% RCI	**55.77**	**56.88**	**58.02**	**59.18**	**60.36**	**61.57**	**62.80**	**64.06**	**65.34**	**66.65**	**290.21**	**610.63**
Notes:												
2022 Rate Base (Avg NBV 9/12 of $774.9M)												
Energy Probe Cost of Service Scenario	**NextBridge Proposed Revenue Requirement Under Cost Of Service $millions**											
	2022	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	Totals	Totals
	1	2	3	4	5	6	7	8	9	10	**5 year RR**	**10 year RR**
Rate Base	770.43	761.17	751.91	742.65	733.39	724.13	714.87	705.61	696.35	687.09		
TSP Capital/ISA (Deferral Account)	0.00	0.58	1.30	1.92	2.17	2.34	2.71	3.47	3.72	3.77		
Cost of Capital @WACC 5.32%	40.99	40.53	40.07	39.61	39.13	38.65	38.18	37.72	37.24	36.75		
Depreciation Expense	9.26	9.26	9.26	9.26	9.26	9.26	9.26	9.26	9.26	9.26		
OM&A (1)	4.94	5.04	5.14	5.24	5.35	5.45	5.56	5.67	5.79	5.90		
Net Income BT	55.19	54.82	54.47	54.11	53.74	53.36	53.00	52.66	52.29	51.92		
Income Taxes	-0.58	-0.56	-0.55	-0.55	-0.54	-0.54	-0.53	-0.52	-0.52	-0.51		
Base Revenue Requirement	**54.61**	**54.26**	**53.92**	**53.56**	**53.20**	**52.82**	**52.47**	**52.14**	**51.77**	**51.41**	**269.55**	**530.16**
Notes												
Rate Base declines by Annual Depreciation												
TSP Capital Net IRR Staff 34												
Income taxes rough estimate												